

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2019/2020

DFA5014 – FINANCIAL ACCOUNTING 1

(All Sections/Groups)

10 JUNE 2020

9.00 A.M – 12.00 P.M

(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages with **4** questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Kencana Services was formed on 1 May 2019. The following selected transactions took place during the second-month operation.

June 1	Purchased supplies on account RM500.
3	Performed service and received cash RM2,500.
7	Purchased equipment for RM20,000. The company paid RM5,000 in cash and the balance was on account.
11	Incurred advertising expense of RM1,800 on account.
15	Paid RM1,500 cash for one-year insurance policy.
18	Performed service for RM4,000. The company received RM1,000 and the balance was on account.
22	Owner withdrew RM100 supplies for personal use.
25	Paid RM900 on the amount owed for advertising incurred on 11 June.
28	Received RM3,000 cash from customer on account.
30	Performed service on account for RM3,500.

Required

- (a) Define the following terms:
- (i) Account. (1.5 marks)
 - (ii) Debit. (0.5 mark)
 - (iii) Credit. (0.5 mark)
- (b) Identify the **THREE (3)** parts in a simple T-account. (1.5 marks)
- (c) In journalising, what is the difference between simple and compound entry? (2 marks)
- (d) Journalise the June transactions for Kencana Services. (11 marks)
- (e) Post the related journal entries to the Cash T-account. On 1 June, the Cash has beginning balance of RM25,000. (8 marks)
- (Total: 25 marks)

Continued...

QUESTION 2

Ceria Riding Academy began its operations on 1 April 2020. The trial balance as at 30 April 2020 shows the following balances.

Accounts	Debits (RM)	Accounts	Credits (RM)
Riding Equipment	15,000	Linda, Capital	20,000
Prepaid Rent	800	Notes Payable	12,000
Prepaid Insurance	840	Account Payable	2,500
Supplies	2,500	Unearned Riding Revenue	1,500
Cash	20,000	Riding Revenue	7,640
Salaries Expense	4,500		

An analysis reveals the following additional data:

1. Depreciation on riding equipment for April 2020 is RM60.
2. Prepaid rent is paid for the 4-months period which starts in April.
3. A count of supplies on 30 April 2020, indicates that supplies of RM2,250 are on hand.
4. Prepaid insurance expired for April amounted to RM70.
5. Salaries amounted RM300 for the last 4 days of April were not paid and unrecorded.
6. Interest on notes payable amounted RM60 still accrued and unrecorded.
7. One-third of the unearned riding revenue was earned on 30 April.
8. Riding services performed on account on 30 April but not recorded total RM1,200.

Required

- (a) Identify what type of adjusting entry is needed in each of the analysis given.
(4 marks)
- (b) Journalise the adjusting entries needed under accrual basis of accounting.
(8 marks)
- (c) Prepare an Adjusted Trial Balance as at 30 April 2020.
(11 marks)
- (d) Determine the net profit for the company after the adjustments have been made.
(2 marks)

(Total: 25 marks)

Continued...

QUESTION 3**Part A**

The steps in the accounting cycle are listed in random order below.

- a. Post to ledger accounts.
- b. Prepare an adjusted trial balance.
- c. Journalise the transactions.
- d. Analyse the business transactions.
- e. Prepare a post-closing trial balance.
- f. Journalise and post adjusting entries.
- g. Prepare financial statements.
- h. Journalise and post closing entries.
- i. Prepare a trial balance.

Required

List the steps in proper sequence.

(4.5 marks)

Part B

Garuda Company received the following information related to the company's Statement of Financial Position as at 31 December 2019.

Supplies	RM3,000	Inventory	RM7,000
Cash	30,000	Equipment	23,000
Land	100,000	Prepaid Insurance	5,000
Trademark	6,500	Patent	10,400
Accumulated Depreciation- Equipment	450	Long Term Investment in Real Estate	50,000
Short Term Investment	2,700	Account Receivable	5,500

Required

- (a) Define what is asset. (2 marks)
- (b) What is the standard classification of the assets? (2 marks)
- (c) Describe the Statement of Financial Position. (2 marks)
- (d) Prepare the assets section of the company's classified Statement of Financial Position at 31 December 2019 using IFRS. (10.5 marks)

Continued...

Part C

Consistency	Understandability
Faithful representation	Confirmatory value
Comparability	Verifiable
Timely	Neutral
Materiality	Predictive value

- a. The quality of information that's occurs when independent observers, using the same methods, obtain the same results.
- b. Accounting information should help provide accurate expectations about future events.
- c. The information accurately depicts to what really happened.
- d. Accounting information must be available to decision-makers before it loses its capacity to influence their decisions.
- e. Accounting information cannot be selected, prepared, or presented to favour one set of interested users over another.
- f. The company uses the same accounting principles and methods from year to year.
- g. Information presented in a clear and concise fashion so that the user can interpret it and comprehend its meaning.
- h. Ability to compare the accounting information of different companies because they use the same accounting principles.

Required

Match each qualitative characteristic of useful accounting information. (4 marks)

(Total: 25 marks)

Continued...

QUESTION 4**Part A**

Your friend, Amir, has opened a new business. Amir think that internal controls are not important for his business.

Required

- (a) Provide Amir with **ONE (1)** objective of internal controls. (2 marks)
- (b) Describe any **THREE (3)** of internal control principles that can be used by Amir. (6 marks)

Part B

Restu Company maintains a petty cash fund for small expenditure. These transactions occurred during the month of March 2020.

March 1	Established the petty cash fund for RM200.
15	Replenished the petty cash fund was requested. On this date, the fund consisted of RM30 in cash and these petty cash receipts: freight-out RM80, entertainment expense RM40, postage expense RM35, and miscellaneous expense RM15.
16	Increased the petty cash amount to RM300.
31	Replenished the petty cash fund was requested. On this date, the fund consisted of RM60 in cash and these petty cash receipts: freight-out RM60, entertainment expense RM155, and postage expense RM20.

Required

- (a) Journalise the petty cash transactions. (7 marks)
- (b) Post to the Petty Cash account. (3 marks)

Continued...

Part C

The following information pertains to Cahaya Enterprise for January 2020.

1.	Cash balance per bank, 31 January, RM8,620.
2.	January bank service charge not recorded by depositor RM25.
3.	Cash balance per books, 31 January, RM7,145.
4.	Deposits in transits, 31 January, RM1,500.
5.	Outstanding cheques, 31 January, RM2,000.
6.	An electronic fund transfer from the customer on account still not recorded by depositor, RM1,000.

Required

Prepare the bank reconciliation at 31 January 2020.

(7 marks)

(Total: 25 marks)

End of Paper